

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

**COMMAND AUDIT OF THE
HAYWARD AREA**



FINAL REPORT

JUNE 7, 2010

M e m o r a n d u m

Date: June 7, 2010

To: Office of the Commissioner
Attention: Commissioner J. A. Farrow

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Office of the Assistant Commissioner, Inspector General

File No.: 005.9968.A13471.010

Subject: FINAL 2009 COMMAND AUDIT REPORT OF THE HAYWARD AREA

In accordance with the Institute of Internal Auditors, *International Standards for the Professional Practice of Internal Auditing* §2440, issued by the Institute of Internal Auditors, Government Code §13887(a)(2), and the California Highway Patrol Audit Charter, I am issuing the 2009 Command Audit Report of the Hayward Area. The audit focused on the command's Driving Under the Influence and Asset Forfeiture Programs.

The audit revealed the command has adequate operations. However, one issue was observed. This report presents suggestions for management to improve on its operations. In doing so, operations would be strengthened and the command would ensure it is operating in compliance with policies and procedures. We have included our specific findings, recommendations, and other pertinent information in the report. The Hayward Area agreed with the finding and plans to take corrective action to improve its operations.

Hayward Area will be required to provide a 30 day, 60 day, six month, and one year response on its corrective action plan implementation. If identified issues are resolved and addressed during any phase of the above reporting period, no future action is required on their behalf. Also, the Office of Inspections plans on conducting a follow-up review within one year from the date of the final report.

Additionally, in accordance with the *International Standards for the Professional Practice of Internal Auditing* and Government Code §13887(a)(2), this report, the response, and any follow-up documentation is intended for the Office of the Commissioner; Office of the Assistant Commissioner, Field; Office of the Assistant Commissioner, Inspector General; Office of Legal Affairs; Office of Inspections; Golden Gate Division; and the Hayward Area. Please note this report restriction is not meant to limit distribution of the report, which is a matter of public record pursuant to Government Code §6250 et seq.

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Furthermore, in accordance with the Governor's Executive Order S-20-09 to increase government transparency, the final audit report, including the response to the draft audit report, will be posted on the CHP's internet website, and on the Office of the Governor's webpage, located on the State's Government website.

The Office of Inspections would like to thank Hayward Area's management and staff for their cooperation during the audit. If you need further information, please contact Captain Ernie Sanchez at (916) 843-3160.

A handwritten signature in black ink, appearing to read "M. C. A. Santiago".

M. C. A. SANTIAGO, CIG, CLEA
Assistant Commissioner

cc: Office of the Assistant Commissioner, Field
Golden Gate Division
Hayward Area
Office of Legal Affairs
Office of Inspections, Audits Unit

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

COMMAND AUDIT OF THE HAYWARD AREA

OFFICE OF INSPECTIONS, AUDITS UNIT

JUNE 7, 2010

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EXECUTIVE SUMMARY

The Commissioner has the responsibility, by statute, to enforce laws regulating the operation of vehicles and use of highways in the State of California and to provide the highest level of safety, service, and security to the people of California. Consistent with the California Highway Patrol's (CHP) 2009 Audit Plan, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of the Hayward Area.

The CHP's 2008-2010 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to improve the efficiency and/or effectiveness of departmental operations.

The objective of the audit is to determine if the command has complied with operational policies and procedures regarding the Driving Under the Influence (DUI) Cost Recovery and Asset Forfeiture Programs. Additionally, this audit will provide managers with reasonable, but not absolute, assurance that departmental operations are being properly executed. The audit period was from January 1, 2008 through August 31, 2009. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period March 1, 2009 through August 31, 2009. The audit included the review of existing policies and procedures, as well as, examining and testing recorded transactions to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from November 16 - 18, 2009.

Sample selection for this audit was primarily random. However, if a judgmental sample was necessary, the auditor selected accordingly. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command.

Based on the review of the Hayward Area's operations, this audit revealed the Hayward Area has complied with most operational policies. However, one issue was observed. The following is a summary of the identified issue:

Asset Forfeiture Program

- The command's Asset Forfeiture Coordinator (AFC) did not receive training from the Division AFC on an annual basis nor did the AFC provide training to command staff.

Please refer to the Finding and Recommendation section for detailed information.

AUDIT REPORT

INTRODUCTION

To ensure the California Highway Patrol's (CHP) operation is efficient and/or effective and internal controls are in place and operational, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of the Hayward Area.

The CHP's 2008-2010 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to improve the efficiency and/or effectiveness of departmental operations. This audit will assist the CHP in meeting its goal.

OBJECTIVE AND SCOPE

The objective of the audit is to determine if the command has complied with operational policies and procedures regarding the Driving Under the Influence (DUI) Cost Recovery and Asset Forfeiture Programs that provide managers with reasonable, but not absolute, assurance departmental operations are being properly executed. The audit period was from January 1, 2008 through August 31, 2009. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period March 1, 2009 through August 31, 2009. This audit included the review of existing policies and procedures, as well as, examining and testing recorded transactions to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from November 16 - 18, 2009.

METHODOLOGY

Under the direction of the Office of the Commissioner, each command was randomly selected to be audited regarding its DUI Cost Recovery and Asset Forfeiture Programs. Sample selection of areas to be audited was primarily random or judgmental. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command.

Note – For this audit, a follow-up review of the DUI Cost Recovery Program and Asset Forfeiture Program findings, or any other findings from the 2008 audit of the Hayward Area, was not conducted. A follow-up review is scheduled to be conducted separately in 2010.

OVERVIEW

DUI Cost Recovery Program: The command was compliant with state laws and departmental policies and has adequate internal controls regarding their DUI Cost Recovery Program.

Asset Forfeiture Program: The command was compliant with state laws and most departmental policies and has adequate internal controls regarding their Asset Forfeiture

Program. However, the command's Asset Forfeiture Coordinator (AFC) did not receive training on an annual basis from the Division AFC. Additionally, the Area AFC did not provide training to command staff.

This audit revealed the command has adequate operations, nevertheless, an issue was discovered, which if left unchecked could have a negative impact on the command and CHP operations. This issue should be addressed by management to maintain the command's compliance with appropriate law, regulations, policies, and procedures. The issue and appropriate recommendation are presented in this report.

As a result of changing conditions and the degree of compliance with policies and procedures, the efficiency and effectiveness of operations change over time. Specific limitations may hinder the efficiency and effectiveness of an otherwise adequate operation include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, fraud, and management overrides. Establishing compliant and safe operations and sound internal controls would prevent or reduce these limitations; moreover, an audit may not always detect these limitations.

FINDING AND RECOMMENDATION

ASSET FORFEITURE PROGRAM

FINDING 1: **The command's Asset Forfeiture Coordinator (AFC) did not receive training from the Division AFC on an annual basis nor did the AFC provide training to command staff.**

Condition: Based on discussions with the Area AFC designee, asset forfeiture training has not been provided to the Area AFC by the Division AFC. Additionally, command supervisors, officers, and affected non-uniformed personnel were not trained by the Area AFC at least once a year. This finding existed and was reported in the 2008 Hayward Command Audit final report dated July 30, 2009. The corrective action for the 2008 audit finding was to take place in November 2009; however, during audit field work conducted November 16 - 18, 2009, the finding still existed. To rectify this finding, the Area commander provided an e-mail to the auditor on November 25, 2009, stating the training will take place during the first quarter of 2010, during Area training days scheduled on March 8 and 18, 2010. Furthermore, the auditor acknowledges the following changes in the Hayward Area command personnel: the Area commander present during the 2008 Area Command Audit transferred from the command in June 2009; an acting commander was present from July 2009 through October 2009; and a new Area commander assumed command responsibility in November 2009.

Criteria: Government Code Section 13403(a)(3), (4), and (6) says the elements of a satisfactory system of internal accounting and administrative control, shall include, but are not limited to, the following: A system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures; an established system of practices to be followed in performance of duties and functions in each of the state agencies; and an effective system of internal review.

Highway Patrol Manual 81.5, Drug Programs Manual, Chapter 2, Asset Forfeiture Program, paragraph 21.a. and 21.b. states,

“21. ASSET FORFEITURE TRAINING.

a. In order to ensure uniformity throughout the Department, Division AFCs shall receive annual training from the departmental AFC coordinator in FSS. The training will encompass asset forfeiture laws, pending state and/or federal legislation relating to asset forfeiture, departmental policies, and procedures. Division AFCs will in turn provide annual training to Area AFCs, uniformed employees assigned to NTFs, canine handlers, and affected non-uniformed employees involved with asset forfeiture. The training shall be of sufficient duration to ensure full understanding of legal/policy requirements. In addition, Division AFCs

should attend Division Area Commanders' Conferences as necessary to provide commanders with an overview of the Department's AFP and any related new legislation or updates to departmental policy.

b. Area AFCs shall provide training for Area supervisors, officers, and affected non-uniformed personnel at least once a year. Area AFCs shall ensure officers are made aware of local MOUs with allied agencies/NTFs regarding turnover of arrests for controlled substance violations and are familiar with the legal requirements and departmental policies/procedures related to the seizure of assets.

Recommendation: The command should comply with departmental policy as it relates to the required annual asset forfeiture training.

CONCLUSION

Based on the review of the command's operation, this audit revealed the command has adequate operations. However, one issue was observed. This report presents a suggestion for management to improve on its operations. In doing so, operations would be strengthened and the command would operate in accordance with departmental policies and procedures.

ANNEX

A

Memorandum

Date: May 12, 2010

To: Office of Inspections

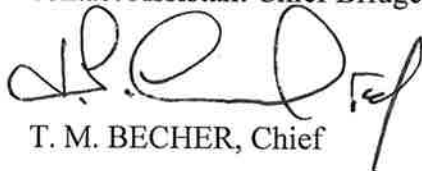
From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Golden Gate Division

File No.: 301.12877.11327.A8970

Subject: RESPONSE TO DRAFT 2009 COMMAND AUDIT REPORT OF HAYWARD
AREA


Golden Gate Division has reviewed the attached response to the draft Command audit report of Hayward Area and concurs with the Commander. As outlined in the audit report, all findings requiring follow-up have been addressed and all recommendations were implemented. This memorandum will serve as a final report and no quarterly updates will be necessary.

Should you require further information regarding the contents of this memorandum, please contact Assistant Chief Bridget Lott at (707) 648-4180.



T. M. BECHER, Chief

Attachments

RECEIVED
MAY 19 2010
BY: 

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ANNEX

B

M e m o r a n d u m

Date: May 6, 2010

To: Golden Gate Division

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Hayward Area

File No.: 345.13043.12061.10-107

Subject: RESPONSE TO DRAFT 2009 COMMAND AUDIT REPORT OF HAYWARD AREA


This memorandum is intended to serve as the written response to the draft command audit report of the Hayward Area as required. The objective of the command audit report was to determine if the Hayward Area has complied with operational policies and procedures regarding the Driving Under the Influence (DUI) Cost Recovery Program and Asset Forfeiture Programs.

FINDINGS REQUIRING FOLLOW-UP:

Finding 1 – Agree. Asset Forfeiture Program: The audit concluded the command was compliant with state laws and most departmental policies and has adequate controls regarding the Asset Forfeiture Program. However, the audit concluded the command's Asset Forfeiture Coordinator (AFC) had not received training from the Division AFC on an annual basis nor did the AFC provide training to the command staff.

- Per a Comm-net dated May 4, 2010, Division AFC training has been scheduled June 29, 2010, at the California Highway Patrol Headquarters in Sacramento. Following the training the Division AFC will be required to conduct Asset Forfeiture training for the Area AFC as required by Highway Patrol Manual 81.2, *Drug Programs Manual*, Chapter 2. Upon completion of the Area AFC training, the Area AFC will conduct training to the Hayward Area command staff during either the third quarter staff meeting, August 4, 2010, or the fourth quarter staff meeting, October 6, 2010, as required.

Questions regarding this response may be directed to Lieutenant Tim Wescott via e-mail at twescott@chp.ca.gov or by telephone at (510) 489-1500.


M. W. MULGREW, Captain
Commander

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